

**Introduced by Senator Maldonado**

February 23, 2006

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An act to amend Section 1088.8 of the Unemployment Insurance Code, relating to unemployment insurance.

## LEGISLATIVE COUNSEL'S DIGEST

SB 1467, as introduced, Maldonado. Nontax collection.

Existing law requires the Franchise Tax Board to administer collections for various nontax programs. Existing law, in conformance with the federal Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), requires employers to report the name, address, and social security number of a new hire to the Employment Development Department within 20 days following the date the new employee was hired.

This bill would authorize counties to use, for tax enforcement purposes, the information that is required by PRWORA, among other laws, to be reported to the Employment Development Department for the purpose of enforcing collections under nontax collection programs that the Franchise Tax Board is required to administer.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 1088.8 of the Unemployment Insurance
- 2 Code is amended to read:
- 3 1088.8. (a) Effective January 1, 2001, any service-recipient,
- 4 as defined in subdivision (b), who makes or is required to make a
- 5 return to the Internal Revenue Service, in accordance with
- 6 subdivision (a) of Section 6041A of the Internal Revenue Code

1 (relating to payments made to a service-provider as  
2 compensation for services) shall file with the department  
3 information as required under subdivision (c).

4 (b) For purposes of this section:

5 (1) “Service-recipient” means any individual, person,  
6 corporation, association, or partnership, or agent thereof, doing  
7 business in this state, deriving trade or business income from  
8 sources within this state, or in any manner in the course of a trade  
9 or business subject to the laws of this state. “Service-recipient”  
10 also includes the State of California or any political subdivision  
11 thereof, including the Regents of the University of California,  
12 any charter city, or any political body not a subdivision or agency  
13 of the state, and any person, employee, department, or agent  
14 thereof.

15 (2) “Service-provider” means an individual who is not an  
16 employee of the service-recipient for California purposes and  
17 who received compensation or executes a contract for services  
18 performed for that service-recipient within or without the state.

19 (c) Each service-recipient shall report all of the following  
20 information to the department, within 20 days of the earlier of  
21 first making payments that in the aggregate equal or exceed six  
22 hundred dollars (\$600) in any year to a service-provider, or  
23 entering into a contract or contracts with a service-provider  
24 providing for payments that in the aggregate equal or exceed six  
25 hundred dollars (\$600) in any year:

26 (1) The full name, address, and social security number of the  
27 service-provider.

28 (2) The service-recipient’s name, business name, address, and  
29 telephone number.

30 (3) The service-recipient’s federal employer identification  
31 number, California state employer account number, social  
32 security number, or other identifying number as required by the  
33 Employment Development Department in consultation with the  
34 Franchise Tax Board.

35 (4) The date the contract is executed, or if no contract, the date  
36 payments in the aggregate first equal or exceed six hundred  
37 dollars (\$600).

38 (5) The total dollar amount of the contract, if any, and the  
39 contract expiration date.

1 (d) The department shall retain information collected pursuant  
2 to this section until November 1 following the tax year in which  
3 the contract is executed, or if no contract, the tax year in which  
4 the aggregate payments first equal or exceed six hundred dollars  
5 (\$600).

6 (e) For each failure to fully comply with subdivision (c),  
7 unless the failure is due to good cause, the department may  
8 assess a penalty of twenty-four dollars (\$24), or four hundred  
9 ninety dollars (\$490) if the failure is the result of conspiracy  
10 between the service recipient and service provider not to supply  
11 the required report or to supply a false or incomplete report.

12 (f) Information obtained by the department pursuant to this  
13 section may be released only for purposes of establishing,  
14 modifying, or enforcing child support obligations under Section  
15 17400 of the Family Code and for child support collection  
16 purposes authorized under Article 5 (commencing with Section  
17 19271) of Chapter 5 of Part 10.2 of the Revenue and Taxation  
18 Code, or to the Franchise Tax Board *or to a county* for tax  
19 enforcement purposes or for the administration of this code.

20 (g) This section shall become operative on January 1, 2001.